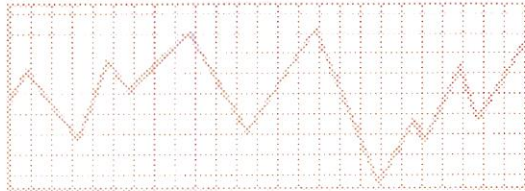




Cooperative  
Extension  
Service



# WEEKLY OUTLOOK

A joint publication of the Departments of Agricultural Economics, Colleges of Agriculture of Purdue University, West Lafayette, Indiana, and the University of Illinois at Urbana-Champaign

AUGUST 17, 1992

## POTENTIAL FOR LARGE CROPS CONFIRMED, BUT FROST WATCH BEGINS

The USDA's August *Crop Production and Supply and Demand* reports were released on August 12. Following is a summary of the estimates and projections for corn, soybeans, and wheat.

**CORN.** Based on conditions around the first of the month, the USDA estimated the national average corn yield at a record 121.3 bushels per acre and a 1992 corn crop of 8.762 billion bushels. The yield estimate is 1.5 bushels above the 1987 record, but the crop estimate is 113 million bushels less than the 1985 record. The estimate is nearly 1.3 billion bushels larger than the 1991 harvest.

As expected, the USDA increased its projection of corn exports by 25 million bushels for the marketing year that ends this month. Unexpectedly, the projection of feed and residual use was reduced by 50 million bushels. Stocks of old crop corn on September 1, 1992 are now projected at 1.096 billion bushels.

For the marketing year beginning on September 1, the USDA sees a 100 million bushel increase in corn feeding, a 20 million bushel increase in domestic processing use of corn, and a 25 million bushel increase in exports. Use for all purposes is projected at 8.065 billion bushels, leaving stocks on September 1, 1993 at 1.8 billion bushels. At the projected levels, ending stocks represent 22.4 percent of use. The ratio of stocks-to-use in the September report will be important for establishing the set-aside requirement for the 1993 Acreage Reduction Program (see last week's letter).

**SOYBEANS.** The 1992 soybean crop is estimated at 2.079 billion bushels, reflecting a national average yield of 35.8 bushels per acre. The yield estimate is 1.5 bushels above last year's record, but the production estimate is 182 million bushels less than the 1979 record. The crops of 1982 and 1985 were also larger than the current estimate. The estimate, however, is 93 million bushels larger than the 1991 crop.

As expected, the USDA increased its projection of soybean use by 25 million bushels for the marketing year ending this month. Stocks on September 1, 1992 are projected at 285 million bushels. For the 1992-93 marketing year, the USDA sees a 15 million bushel increase in soybean use and projects stocks on September 1, 1993 at 320 million bushels. At the projected levels, stocks represent just under 16 percent of annual use.

**WHEAT.** The 1992 wheat harvest is now estimated at 2.336 billion bushels, 103 million above the July estimate and 355 million bushels larger than the 1991 harvest. The crop of spring wheat (other than durum) is estimated at a record 654 million bushels, nearly 30 percent larger than the 1991 harvest. Production of durum wheat is estimated at only 81 million bushels, 22 percent smaller than the 1991 crop. Winter wheat is expected to total 1.6 billion bushels, 17 percent more than the 1991 harvest.

For the current marketing year (which began on June 1), the USDA increased the projection of wheat feeding by 25 million bushels, to 175 million. That figure is 80 million bushels less than the feed and residual use of last year. The export projection of 1.125 billion bushels is 50 million less than last month's projection and 156 million less than last year's exports. Stocks of wheat at the end of the marketing year are projected at 652 million bushels, or about 30 percent of projected use.

For wheat, accumulating stocks and prospects of more wheat acres in 1993 due to changes in the set-aside requirement for program participants, will likely keep a lid on prices for the next several months. December futures could drift down to the \$2.90 to \$3.00 area before finding solid support.

For corn and soybeans, the market breathed a sigh of relief following the reports. Crops are large, but perhaps not as large as anticipated by some of the private analysts. In addition, the market was encouraged by the prospects for excellent soybean demand. The market will now focus on weather developments over the next several weeks, with analysts divided in two camps. One camp believing that "large crops get larger" and the other concerned that an early frost could significantly reduce crop size. If frost premiums get built into the market over the next 4 to 5 weeks, or if an early frost does occur, producers will have an opportunity to add to sales. If the frost rally fizzles, returns to storage will likely be quite good. The crop, however, might have to be held until spring for maximum returns. A payoff on soybean storage would occur earlier, if, as some are predicting, South America has dry weather problems in 1992-93.

*Darrel Good*

Issued by Darrel Good  
Extension Economist  
University of Illinois

Cooperative Extension Service  
United States Department of Agriculture  
University of Illinois  
At Urbana-Champaign  
Urbana, Illinois 61801